GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5993
ANSWERED ON:18.05.2007
INFRASTRUCTURE STATUS TO COAL INDUSTRY
Mahtab Shri Bhartruhari

Will the Minister of FINANCE be pleased to state:

(a) whether his Ministry has denied infrastructure status to coal industry;

(b) if so, the reasons therefor; and

(c) whether his Ministry would reconsider the matter?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE: (SHRI S.S. PALANIMANICKAM)

(a) The request of the Ministry of Coal to grant infrastructure status to the coal sector for the purposes of tax concession under the Income-tax Act was not accepted.

(b) A tax incentive to an infrastructure facility is justified only if it creates net positive externalities. In the case of the coal industry, there is no evidence of net positive externality. Therefore, tax incentive for coal industry along the same lines as infrastructure facility is not justified.

(c) There is no new information to warrant any reconsideration of the decision.